



CHAPTER IX.

THE AUSTRO-HUNGARIAN BANK.

The Evils of a Century of Paper Money—The First Issues of Notes and the Efforts to Restore Coin Redemption—The Creation of the Imperial Bank and the Successive Changes in its Charter—Establishment and Growth of the Hungarian Branch—The Monetary Reform of 1892 and the New Rate of Exchange—Use of Modern Devices for Maintaining Stability of Exchange.

THE Austrian Empire has been for a century under the dominion of paper money, but her monetary history has differed from that of France with the *assignats* and the United States with the Continental money of the Revolution. The Austrian paper money has been a serious detriment to the commercial development of the country and the solidity of business enterprises, but the volume has never reached the point of absolute worthlessness and repudiation. The effect of the system has been, in the language of Professor Sumner,¹ "not like an acute disease ; it is like an invalid state with occasional fever." The first issues of paper money seem to have had the same beneficial effects as the issues of Law's bank in France and the issues of *£i* bank-notes in Scotland, in stimulating business enterprises and affording a convenient circulating medium where none existed, but the limit was soon over-passed and the Austrian paper money began its downward course. This course has been several times arrested by earnest efforts on the part of the government, only to be resumed when the necessities of war compelled new issues of paper. The fi-

¹ *History of American Currency*, p. 323.